



Michael E. DeBakey, M.D.
One Baylor Plaza
Houston, Texas 77030

Tel: 713/798-8600
Fax: 713/793-1192

August 15, 2005

Strictly Personal and Confidential

Attorney General Greg Abbott
Office of the Attorney General
300 W. 15th Street
Austin, TX 78701

Mr. R. Bruce LaBoon
Locke Liddell & Sapp LLP
3400 JP Morgan Chase Tower
600 Travis
Houston, TX 77002-3095

Dear Attorney General Abbott and Mr. LaBoon:

In my letter of June 5, 2002, to the Chairman of the Boards of both Baylor College of Medicine (BCM) and The Methodist Hospital (TMH) (which they subsequently sent to all members of both Boards) concerning the urgent need to address and implement renewal of the affiliation agreement between the two institutions, I emphasized the underlying principles that must be embraced in the affiliation agreement in order to promote the pursuit of excellence in the mutual mission of the two institutions, namely, optimal patient care, medical education and training, and medical research. In addition, I emphasized the fact that "Since final responsibility and authority reside in the Board of Trustees, it is necessary to address this urgent and crucial problem at that level, and I believe it can be resolved only at that level."

The Board of Trustees has not only an important, indeed pre-eminent, responsibility in "The regulation and management of the affairs of the corporations. . .," but also a social and ethical responsibility to society to act in a way that provides its not-for-profit status, with material and financial support, in order to preserve and improve the welfare of society.

When the Board of Trustees of Baylor College of Medicine met to consider the proposed affiliation agreement with The Methodist Hospital and The St. Luke's Hospital (November 19, 2003), I was asked to express my opinion. I prefaced my remarks by stating that I was reluctant to "play the role of Cassandra," and I then indicated certain caveats, among which I emphasized the importance of some 24 Baylor clinical academic Research and Education Centers of excellence embedded in The Methodist Hospital, most of them in the Fondren-Brown Building

August 15, 2005

and in the Neurosensory Building and Alkek Tower, the latter two of which are jointly owned by Baylor and The Methodist Hospital. Since then, unfortunately, the “Cassandra role,” which in modern parlance connotes “someone who predicts bad things will happen” -- a role I was hesitant to play -- has become a reality. A number of the Academic and Research Centers of Excellence are no longer jointly operated by the two institutions. Some have been moved elsewhere, leaving their space in The Methodist Hospital vacant, some of which is jointly owned by BCM and TMH, to occupy new, costly space. Some are, like Erasmus, who in the early 16th century Reformation, was besieged to take sides -- on the one side, the Pope and his Catholic Bishops and, on the other side, the followers of Luther, Zwingli, and Calvin. This decreptive atmosphere is exemplified by the recent mass resignation of the full-time Baylor cardiologists housed at The Methodist Hospital, following the summary firing of one of their senior colleagues, a full-time Professor who has been on the Baylor faculty for about 30 years. Another example is the Jerry Lewis Muscular Dystrophy Center, which was jointly operated by both institutions, but is now separated from Baylor. Also resigning from Baylor to remain at Methodist are the former Chairman and many of the full-time Pathology faculty, which provided pathology services to TMH, generating funds for both institutions. Baylor is now deprived of its portion of remuneration for these services and has had to replace some of the clinical pathology services for the new Baylor Clinic by contracting them out to a private pathology service in Austin, Texas. The current schism of the two institutions, an unintended consequence of the failure to achieve an affiliation agreement, has placed all these Academic Centers of Excellence and other activities in varying degrees of jeopardy.

Among the most grievous unintended consequences of the failure to reach accord on the affiliation agreement has been the animus that has developed between the two institutions, with patent acrimony and punitive retaliations. These unintended consequences are exerting baneful impact not only on the quality and collegial spirit of the two institutions, but also on their efficacy and economy. If the present virulent discord continues, not only will the two institutions continue to suffer, but so will the entire Texas Medical Center, Houston, Texas, the nation, and most important, the patients and the advancement of medicine.

Having been here at the inception of Baylor College of Medicine and the Texas Medical Center and having worked in the trenches with those adamantly opposed to the initiation of a hospital residency program for Baylor, I have been in the midst of seemingly irreconcilable opponents, but through diplomacy, patience, and an understanding of the underlying motivations involved, the leaders of the two institutions were able, for fifty years, to resolve points of contention that arise in any cooperative venture and to arrive at a consensus that benefited both institutions.

The ascension to international acclaim for both institutions did not occur spontaneously with the passage of time; it required selfless commitment to a “higher good” on the part of the leaders of the two institutions and the dedication of the faculty and medical staffs of the institutions, along with the strong support of the community. The 1970 affiliation agreement and the commitment of both institutions enabled and provided for the extraordinary growth, development, and increased stature of TMH and BCM. Strong nationally ranked clinical programs and leaders

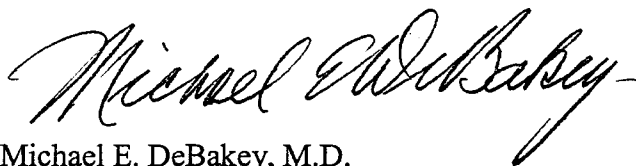
August 15, 2005

evolved in cardiovascular surgery, cardiology, neurology, neurosurgery, orthopedics, ophthalmology, and otolaryngology at BCM. In effect, all clinical programs at TMH improved, and Baylor's reach and impact in the community and beyond increased.

As everyone is aware, news articles with headlines shouting punitive actions being taken by the institutions involved have had a toxic effect on the public image of the entire Texas Medical Center. Characteristic of these unfortunate new articles is an editorial in the June 26, 2005, *Houston Chronicle* headlined "Bad Blood. Continued animosity between Baylor College of Medicine and The Methodist Hospital will hurt the Texas Medical Center – and Houston." In the editorial, some patients were reported to "voice uneasiness about whether their doctors are distracted," and "At least one Houston economist with a specialty in medical issues worries that biotech or pharmaceutical firms might think twice about partnering with institutions of a medical center in strife." There is a dire need to repair this representation and to concentrate on a public image of high standards of excellence, of selfless devotion to humanity and of cooperation and even self-sacrifice.

The acrimony between the two institutions has now reached its apogee, and it now becomes requisite that the two Boards whose decisions and actions effected the present situation recognize, address, and correct the consequences of the actions taken. I believe it is now critical, indeed imperative, for the Boards of Trustees of the two institutions to resolve them satisfactorily by resuming their joint partnership and using their joint resources to restore their mutual mission effectively and efficiently. They owe this objective to their institutions and to the society they serve. The fact that the two institutions were able to work together harmoniously for about a half century, during which they both prospered and greatly advanced their international prestige and their mission to society, is clear and convincing evidence that this can be done if the two Boards have the will and resolve to discharge their duties faithfully.

Sincerely,



Michael E. DeBakey, M.D.

MED:bst

cc: Mrs. Elizabeth L. Ghrist
President, Liz Ghrist & Associates, Inc.
Two Twin Circle Drive
Houston, Texas 77042